L&T Finance Holdings

February 27, 2014

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra - Kurla Complex, Bandra (East),
Mumbai - 400 051.

Symbol: L&TFH

BSE Limited
Corporate Relations Department,
1st Floor, New Trading Ring,
P. J. Towers, Dalal Street,
Mumbai - 400 001.

Scrip Code No.: 533519

Kind Attn: Head – Listing Department / Dept of Corporate Communications

Sub: Clause 31 – Submission of Postal Ballot Notice & Form

Dear Sir/ Madam,

Pursuant to Clause 31 of the Equity Listing Agreement, please find enclosed herewith six copies of Postal Ballot Notice along with Specimen Postal Ballot Form thereto for your records.

Kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours faithfully,

For **L&T Finance Holdings Limited**

Shekhar Prabhudesai
Authorised Signatory

Encl: as above

L&T Finance Holdings

Notice of Postal Ballot

To the Members of L&T Finance Holdings Limited,

Notice is hereby given that pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the following Resolutions, in respect of the Special Business more specifically provided in the appended Resolutions, are proposed to be passed by Postal Ballot:-

Resolution for:

1. Authorising increase in Authorised Share Capital and Alteration of the Memorandum of Association of the Company;
2. Authorising issue of Cumulative Non-Convertible Redeemable Preference Shares;
3. Approval of Employee Stock Option Scheme of the Company, known as Employee Stock Option Scheme – 2013 (ESOP Scheme – 2013); and
4. Approval of extension of the benefits of ESOP Scheme – 2013 to the eligible employees of the holding company, subsidiaries and, if permitted by law, associate companies of the Company.

SPECIAL BUSINESS:

Item No. 1 – Increase in Authorised Share Capital and Alteration of the Memorandum of Association of the Company

To consider and, if deemed fit, to pass through Postal Ballot, the following Resolution as an **Ordinary Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 16 and 94 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modifications or re-enactments thereof for the time being in force), the existing Authorised Share Capital of Rs. 6000,00,00,000/- (Rupees Six Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of Rs.10/- (Rupees Ten only) each and 10,00,00,000 (Ten Crore) Preference Shares of Rs. 100/- (Rupees One Hundred only) each be increased to Rs. 8000,00,00,000/- (Rupees Eight Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of Rs.10/- (Rupees Ten only) each and 30,00,00,000 (Thirty Crore) Preference Shares of Rs.100/-(Rupees One Hundred only) each and existing Clause V.A. of the Memorandum of Association of the Company be substituted with new Clause V.A. as under:-

"V.A. The Authorised Share Capital of the Company is Rs.8000,00,00,000/- (Rupees Eight Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of Rs.10/- (Rupees Ten only) each and 30,00,00,000 (Thirty Crore) Preference Shares of Rs.100/- (Rupees One Hundred only) each."

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation, to settle any question, difficulty or doubt that may arise in this regard."

Item No. 2 – Issue of Cumulative Non-Convertible Redeemable Preference Shares

To consider and, if deemed fit, to pass through Postal Ballot, the following Resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to Section 80 and Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modifications or re-enactments thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, if applicable, the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013, as amended from time to time (the "SEBI Regulations"), the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed, any other applicable laws for the time being in force and such approvals as may be required from such authorities from time to time, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" and shall include duly constituted Committee(s) thereof) to create, offer, issue and allot, in one or more tranches, 10,00,00,000 (Ten Crore) Cumulative Non-Convertible Redeemable Preference Shares of the face value of Rs.100/- (Rupees One Hundred only) each for cash at par or at a premium (hereinafter referred to as "Preference Shares") aggregating to a nominal value of Rs. 1000,00,00,000/- (Rupees One Thousand Crore only) to various entities/persons including Promoters / Promoter Group & Associates, whether or not they are Member(s) of the Company, on such terms and conditions as may be decided by the Board and subject to the following rights:

- The Preference Shares shall carry a fixed cumulative preference dividend to be determined by the Board of Directors at the time of issue of the Preference Shares, on the capital for the time being paid-up thereon and shall be redeemable not later than the date determined by the Board of Directors at the time of issue or such other date as may be determined by the Board but not later than a period exceeding twenty years.
- The said shares shall rank for dividend in priority to the equity shares for the time being of the Company.
- The said shares shall in winding up be entitled to rank, as regards repayment of capital and arrears of dividend, whether declared or not, up to the commencement of the winding up, in priority to the equity shares but shall not be entitled to any further participation in profits or assets.
- The voting rights of the persons holding the said shares shall be in accordance with the provisions of Section 87 of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force).

RESOLVED FURTHER THAT the Board be and is hereby authorised to make arrangements with any financial institution / bank or any other body or person to underwrite the whole or any part of the issue of the said Preference Shares subject to the provisions of Section 76 of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force).

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation, to settle any question, difficulty or doubt that may arise in this regard."

Item No. 3 – Approval of Employee Stock Option Scheme of the Company, known as Employee Stock Option Scheme – 2013 (ESOP Scheme – 2013)

To consider and, if deemed fit, to pass through Postal Ballot, the following Resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Sections 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") (including any statutory modifications or re-enactments thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI Guidelines"), the Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed, any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s), including the Nomination & Remuneration Committee constituted by the Board to exercise its powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to introduce and implement the "L&T Finance Holdings Limited Employee Stock Option Scheme - 2013" (the "ESOP Scheme - 2013") and to create, grant, offer, issue and allot at any time, in one or more tranches, to or for the benefit of such person(s) who are in the permanent employment of the Company, whether working in India or outside India, including Managing and/or Whole-time Director(s) of the Company (hereinafter referred to collectively as "employees"), selected on the basis of criteria decided by the Board under the ESOP Scheme - 2013, such number of Stock Options convertible into equity shares not exceeding, together with the grants made under the Employee Stock Option Scheme – 2010, in aggregate, 5% of the issued, subscribed and paid-up equity shares of the Company as on December 31, 2013 i.e. up to 8,58,79,893 (Eight Crore Fifty Eight Lakhs Seventy Nine Thousand Eight Hundred and Ninety Three) equity shares, at such price and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of applicable laws, as may be prevailing at that time, to the present and future employees and other persons eligible to receive the same in terms of applicable laws and ESOP Scheme – 2013.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division or other re-organisation of capital structure of the Company, as applicable from time to time, if any additional equity shares are issued by the Company for the purpose of making a fair and reasonable adjustment to the Stock Options granted earlier, the above ceiling of 5% equity shares shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of equity shares to be issued and allotted on exercise of Stock Options granted under the ESOP Scheme - 2013 and the exercise price of Stock Options granted under the ESOP Scheme - 2013 shall automatically stand augmented or reduced, as the case may be, in the same

proportion as the present face value of Rs. 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the employees who have been granted Stock Options under the ESOP Scheme - 2013.

RESOLVED FURTHER THAT without prejudice to the generality of the above but subject to the terms as may be approved by the Members of the Company, the Board is authorised to formulate, evolve, decide upon and implement the ESOP Scheme - 2013, determine the detailed terms and conditions of the aforementioned ESOP Scheme - 2013 including but not limited to the quantum of the Stock Options to be granted per employee, the number of Stock Options to be granted in each tranche, the terms or combination of terms subject to which the said Stock Options are to be granted, the exercise period, the vesting period, the vesting conditions, instances where such Stock Options shall lapse and to grant such number of Stock Options, to such employees of the Company, at par or at such other price, at such time and on such terms and conditions as set out in the ESOP Scheme - 2013 and as the Board may in its absolute discretion think fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot equity shares upon exercise of Stock Options from time to time in the manner aforesaid, and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the equity shares allotted under the ESOP Scheme - 2013 on the Stock Exchanges where the securities of the Company are listed in accordance with the provisions of the Listing Agreement with the concerned Stock Exchanges, SEBI Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make any modifications, changes, variations, alterations or revisions in the ESOP Scheme - 2013, as it may deem fit, from time to time or to suspend, withdraw or revive the ESOP Scheme - 2013 from time to time in conformity with the provisions of the Act, the SEBI Guidelines and other applicable laws unless such variation, amendment, modification or alteration is detrimental to the interest of the employees who have been granted Stock Options under the ESOP Scheme - 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle all questions, difficulties or doubts that may arise in relation to formulation and implementation of the ESOP Scheme - 2013 at any stage including at the time of listing of the equity shares issued herein without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

Item No. 4 – Approval of extension of the benefits of ESOP Scheme - 2013 to the eligible employees of the holding company, subsidiaries and, if permitted by law, associate companies of the Company

To consider and, if deemed fit, to pass through Postal Ballot, the following Resolution as a **Special Resolution:**

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act"), (including any statutory modifications or re-enactments thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI Guidelines"), the Listing Agreements entered into by the Company with the Stock Exchanges where securities of the Company are listed and any other applicable laws for the time being in force and subject to such approvals, consents, permissions and sanctions, as may be required, and further subject to such terms and conditions as may be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to and accepted by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s), including the Nomination & Remuneration Committee constituted by the Board to exercise its powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board, to extend the benefits and coverage of the "L&T Finance Holdings Limited Employee Stock Option Scheme - 2013" (the "ESOP Scheme - 2013"), referred to in the Resolution under Item No. 3 of this Notice, also to such persons who are in permanent employment including the Managing and/or Whole-time Director(s), whether present and future, of the Company's holding/subsidiary companies and if permitted by law, to the employees of the associate companies of the Company, whether working in India or outside India, under the ESOP Scheme - 2013 in the manner mentioned in the Resolution under Item No. 3 of this Notice, as may be decided by the Board in accordance with the SEBI Guidelines or other provisions of the law as may be prevailing at that time.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in relation to formulation and implementation of the ESOP Scheme - 2013 at any stage including at the time of listing of the equity shares issued herein without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

By order of the Board of Directors
For L&T Finance Holdings Limited

Sd/-
N. Suryanarayanan
Company Secretary

Place: Mumbai
Date: February 25, 2014

Regd. Office: L&T House, Ballard Estate, Mumbai - 400001

NOTES:

1) The Board of Directors has appointed Mr. S. N. Ananthasubramanian, Practising Company Secretary or failing him Ms. Malati Kumar, Practising Company Secretary as the Scrutinizer for conducting the Postal Ballot in a fair and transparent manner.
2) The Statement as required under Section 102 of the Companies Act, 2013 is annexed to this Notice. A Postal Ballot Form is also enclosed.

The Notice is being sent to all the equity shareholders whose names appear in the Register of Members / Beneficiary Position maintained by the Depositories as on Friday, February 21, 2014. Voting rights shall be reckoned on the paid up value of the shares registered in the names of the Members as on February 21, 2014.

INSTRUCTIONS FOR VOTING

Voting through Physical Postal Ballot Form

1) The Members are requested to carefully read the instructions printed in the Postal Ballot Form and return the Postal Ballot Form duly completed with the assent (for) or dissent (against), in the enclosed postage pre-paid self-addressed envelope, so as to reach the Scrutinizer, on or before the closing of working hours i.e. 6:00 p.m on Wednesday, April 02, 2014, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member.
2) The Members are requested to exercise their voting rights by using the attached Postal Ballot Form only. No other form or photocopy of the form is permitted.

Envelopes containing Postal Ballot Form if deposited in person or sent by courier at the expense of the Members will also be accepted.

E-Voting Facility

The Company is pleased to offer e-Voting facility as an alternative to its Members, to enable them to cast their vote electronically instead of dispatching Postal Ballot Form. The procedure for the same is as under:

- ✓ Open your web browser during the voting period & log on to the e-Voting website www.evotingindia.com.
- ✓ Click on the "Shareholders" tab to cast your votes.
- ✓ Select the "Electronic Voting Sequence Number (EVSN)" alongwith "L&T Finance Holdings Limited" from the drop down menu & click on "SUBMIT".
- ✓ Fill up the following details in the appropriate boxes:

User-ID	For the Members holding shares in Demat form:- a) For NSDL :– 8 characters DP ID followed by 8 digits Client ID b) For CDSL :– 16 digits beneficiary ID For the Members holding shares in Physical form:- • Folio Number registered with the Company
Password	Your Unique password is printed on the Postal Ballot Form
PAN*	Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department *In case of shares held in Physical Form enter the Default Number as provided by the Registrars

- ✓ After entering these details appropriately, click on "SUBMIT".
- ✓ The Members holding shares in physical form will then reach directly to the voting screen. However, the Members holding shares in demat form will now be required to mandatorily change their password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The Members can enter their demographic details i.e., Mobile number and e-mail ID. E-mail ID may be used in case the Member forgets the password and the same needs to be reset. Kindly note that the changed password can be used by the demat shareholders for voting for resolution of any other company in which they are eligible to vote, provided that company opts for e-Voting through CDSL e-Voting platform. However, for the shareholders holding shares in physical form, the password and default number can only be used for e-Voting on the resolution contained in this Postal Ballot Notice.
- ✓ If you are holding shares in Demat form and had logged on to www.evotingindia.com and had cast your vote earlier for EVSN of any company, then your existing login ID and password have to be used.
- ✓ On the voting page, you will see Resolution Description & option for voting Yes/No against Resolution Description. The option 'Yes' implies that you assent to the Resolution & 'No' implies that you dissent to the Resolution.

- ✓ Click on the "Resolution File Link" if you wish to view the entire resolution file.
- ✓ Enter the number of shares (which represents number of votes) under YES/NO, but not exceeding your total holding.
- ✓ After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" & accordingly modify your vote.
- ✓ Once you have confirmed your vote on the Resolution, you will not be allowed to modify your vote.
- ✓ Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail at scrutinizer@snaco.net with a copy marked to helpdesk.evoting@cdslindia.com.
- ✓ Kindly note that the Members can opt only one mode of voting i.e. either by Physical Ballot or e-Voting. If you are opting for e-Voting, then do not vote by Physical Ballot also & vice-versa. However, in case the Member(s) cast their vote both via Physical voting & e-Voting, then voting validly done through e-Voting shall prevail and voting done by Physical Ballot shall be treated as invalid.
- ✓ e-Voting needs to be exercised before the close of working hours i.e. 6:00 p.m. on Wednesday, April 02, 2014 for the vote exercised to be treated as valid.
- ✓ If you wish to provide feedback on the e-Voting system or you have any queries or issues regarding e-Voting, please contact helpdesk.evoting@cdslindia.com.

General

1) The Scrutinizer will submit the report to the Chairman after completion of the scrutiny and the results of the Postal Ballot will be announced on or before Friday, April 04, 2014, at the Registered Office of the Company. The results of the Postal Ballot will be hosted on the Company's website at www.ltfinanceholdings.com for information of the Members, besides being communicated to the Stock Exchanges on which the shares of the Company are listed. The date of declaration of the Postal Ballot results will be taken as the date of passing the Resolutions.
2) The Scrutinizer's decision on the validity of the Postal Ballot shall be final.

ANNEXURE TO THE NOTICE
(Statement under Section 102 of the Companies Act, 2013)

ITEM NO. 1

At present, the Authorised Share Capital of the Company is Rs.6000,00,00,000/- (Rupees Six Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of Rs.10/- (Rupees Ten only) each and 10,00,00,000 (Ten Crore) Preference Shares of Rs. 100/- (Rupees One Hundred only) each.

The Preference Share Capital of Rs. 1000,00,00,000/- (Rupees One Thousand Crore only) is fully subscribed. The Company, in order to meet its growth objective and to strengthen its financial position, is required to generate medium / long term resources by issuing further Preference Shares. It is therefore deemed appropriate to increase the Authorised Share Capital to Rs. 8000,00,00,000/- (Rupees Eight Thousand Crore only) divided into 500,00,00,000 (Five Hundred Crore) Equity Shares of Rs.10/- (Rupees Ten only) each and 30,00,00,000 (Thirty Crore) Preference Shares of Rs.100/- (Rupees One Hundred only) each and for that purpose, the provisions of the Memorandum of Association of the Company are proposed to be suitably altered as per Resolution set out at Item No. 1 of the accompanying Notice.

The Board recommends the Ordinary Resolution set forth in Item No. 1 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

ITEM NO. 2

With the steady growth in their operations, the subsidiaries of the Company will require regular infusion of equity and Tier I or Tier II debt and being a holding company, the Company would need to raise funds for such infusion. The Company would also need funds for its operations.

While as a long term strategy, the endeavour of the Company would be to approach equity markets, as a bridge financing to future equity issuances and also as an additional fund raising avenue, the Company proposes to issue Preference Shares. From a tax efficiency perspective, it is believed that issue of Preference Shares would help optimize the capital structure of the Company and improve the returns for the equity shareholders.

The Preference Shares may be issued in one or more tranches to various entities/ persons which may include the Promoters/Promoter Group & Associates, whether or not they are Member(s) of the Company, on private placement basis. The said enabling Resolution empowers the Board to create, offer, issue and allot 10,00,00,000 (Ten Crore) Cumulative Non-Convertible Redeemable Preference Shares of face value of Rs.100/- (Rupees One Hundred only) each for cash at par or premium aggregating to a nominal value of Rs. 1000,00,00,000/- (Rupees One Thousand Crore only) and on such terms and conditions, including but not limited as to the rate of dividend, period and manner of redemption, amount of premium, if any, as the Board in its absolute discretion may determine. The Board shall also be authorised to approve any modification, alteration and re-setting of all or any of the terms and conditions of the Preference Shares from time-to-time in consultation and agreement with the subscribers/ holders of Preference Shares. The terms and conditions of the Preference Shares shall however be subject to provisions of the Companies Act, 1956 or any modification/ re-enactment thereof and the provisions of the Memorandum and Articles of Association of the Company.

The material facts in connection with the aforesaid issue of Preference Shares are as follows:

(a)	**Size of the issue and number of preference shares to be issued and nominal value of each share**	The Company proposes to create, offer, issue and allot 10,00,00,000 (Ten Crore) Preference Shares of the face value of Rs.100/- (Rupees One Hundred only) each for cash at par or at a premium aggregating to a nominal value of Rs. 1000,00,00,000/- (Rupees One Thousand Crore only) to various entities/persons including Promoters/ Promoter Group & Associates, whether or not they are Member(s) of the Company.
(b)	**Nature of such shares i.e. cumulative or non - cumulative, participating or non - participating , convertible or non - convertible**	Cumulative, Non-Participating and Non-Convertible.
(c)	**Objectives of the issue**	To maintain adequate working capital as may be required for funding the operations of the Company and that of its subsidiaries.
(d)	**Manner of issue of shares**	Private Placement.
(e)	**Price at which such shares are proposed to be issued**	At par or at premium.
(f)	**Basis on which the price has been arrived at**	While the issuances would generally be made at par, in case the issuance is made at premium, the same would be at a price determined on the basis of valuation by a registered valuer in accordance with the extant provisions as applicable.
(g)	**Terms of issue, including terms and rate of dividend on each share, premium etc.**	The tenor shall be for a period not exceeding 7 (Seven) years. The issuances would be subject to conditions of money market, appetite of the investors, prevalent tax regulations, credit rating of the instrument etc., and the rate of dividend would be linked to the returns provided by similar instruments.
(h)	**Terms of conversion, if convertible**	Not Applicable.
(i)	**Terms of redemption, including the tenure of redemption, redemption of shares at premium and if the preference shares are convertible, the terms of conversion**	Tenure of redemption would be based on cash flow forecasts of the Company which in turn would be linked to ongoing performance of its subsidiaries and the growth opportunities.
(j)	**Manner and modes of redemption**	Out of profit and/or out of fresh issue of capital.
(k)	**Current shareholding pattern of the Company**	Equity Shareholding Pattern as on December 31, 2013*:

Category	No. of Shares	% to Equity Capital
Promoter	139,98,48,242	81.50
Public	31,77,49,619	18.50
Total	**171,75,97,861**	**100.00**

*Detailed shareholding pattern is available on the website of the Company i.e. www.ltfinanceholdings.com and is also available on the website of BSE Ltd. i.e. www.bseindia.com and National Stock Exchange of India Ltd. i.e. www.nseindia.com.

(l)	**Expected dilution in equity share capital upon conversion of preference shares**	Not applicable.

The Members are requested to authorise the Board (including any Committee(s) of the Board) to issue and allot such number of Preference Shares up to nominal value of Rs. 1000,00,00,000/- (Rupees One Thousand Crore only) as stipulated above, in one or more tranches.

The Board recommends the Special Resolution set forth in Item No. 2 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

ITEM NO. 3 & 4

The Employee Stock Option Scheme – 2010 (ESOP Scheme - 2010) was introduced by the Company prior to the Initial Public Offer (IPO) of the Company to foster a sense of participation amongst eligible employees of the Company and its subsidiaries and covered all eligible employees initially and select key employees recruited thereafter. The Management of the Company now desires to shift the focus of its Stock Option scheme to retention of key employees.

Accordingly, the Board of Directors ("the Board") of the Company at its meeting held on October 23, 2013, approved introduction of the 'L&T Finance Holdings Limited Employee Stock Option Scheme - 2013' (hereinafter referred to as the "ESOP Scheme - 2013"), subject to the approval of the Members and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time (the "SEBI Guidelines") and authorised the Nomination & Remuneration Committee to formulate the detailed terms and conditions of the ESOP Scheme - 2013 and to administer and implement the ESOP Scheme – 2013 in accordance with the SEBI Guidelines.

The Members are informed that the shares being offered under the ESOP Scheme – 2013 together with the grants made under the ESOP Scheme - 2010 would not exceed 5% of the issued, subscribed and paid-up equity shares of the Company as on December 31, 2013 i.e. up to 8,58,79,893 (Eight Crore Fifty Eight Lakhs Seventy Nine Thousand Eight Hundred and Ninety Three) equity shares of the face value of Rs. 10/- each.

Approval of the Members is being sought for issue of Stock Options to eligible employees of the Company, including its Managing and/or Whole-time Director(s) and that of its holding and/or subsidiary companies by the introduction of the ESOP Scheme - 2013.

The ESOP Scheme - 2013 is being formulated in accordance with the SEBI Guidelines. The salient features of the ESOP Scheme - 2013 are as follows:

(a)	**Total number of Stock Options to be granted (including the grants under the ESOP Scheme – 2010)**	5% of the issued, subscribed and paid-up equity shares of the Company as on December 31, 2013 i.e. up to 8,58,79,893 (Eight Crore Fifty Eight Lakhs Seventy Nine Thousand Eight Hundred and Ninety Three) equity shares.
(b)	**Identification of classes of employees entitled to participate in the ESOP Scheme – 2013**	All permanent employees (including Directors) in various Cadres of the Company and its holding company and subsidiaries as on the date of Grant, including new joinees, as may be decided by the Board and/ or Nomination & Remuneration Committee, would be eligible for the ESOP Scheme - 2013. Employees of associate companies would be granted Options, if permitted by law. The employees of Subsidiary Companies which are implementing / proposing to implement a Stock Option scheme will not be eligible for this ESOP Scheme - 2013. Employees (including Directors) holding 10% of the outstanding share capital of the Company's equity share capital at any time after the commencement of this ESOP Scheme – 2013 will not be eligible for grant of Options.
(c)	**Requirements of vesting and period of vesting**	Vesting will commence two years after the date of Grant and may extend up to five years from the date of Grant. The percentage of vesting each year shall be at the rates decided by the Board and / or Nomination & Remuneration Committee.
(d)	**Maximum period within which the options shall be vested**	Vesting will commence two years after the date of Grant and may extend up to five years from the date of Grant.
(e)	**Exercise price or pricing formula**	The exercise price for the purposes of the grant of Stock Options will be as per terms & conditions decided by the Board and / or Nomination & Remuneration Committee at the time of respective grant of Stock Options, but at a price not below the face value of the equity share and not exceeding the market price as per the SEBI Guidelines.
(f)	**Exercise period and process of exercise**	The Exercise Period would be eight years (96 months) from the date of Grant or 3 years (36 months) from the date of retirement / death, whichever is earlier.
(g)	**The Appraisal process for determining the eligibility of employees**	The appraisal process for determining the eligibility of the employee will be specified by the Board and/or the Nomination & Remuneration Committee, based on evaluation parameters such as performance, value creation, leadership etc.
(h)	**Maximum number of Options to be issued per employee and in aggregate**	0.5% of issued capital per employee per series, subject to aggregate of 5% of the paid-up equity shares.
(i)	**Disclosure and accounting policies**	The Company will comply with the disclosures and the accounting policies as specified in Schedule I referred to in Clause 13.1 of the SEBI Guidelines.
(j)	**The method which the Company shall use to value its options whether fair value or intrinsic value**	Intrinsic Value.
(k)	**Statement**	In case the Company calculates the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized, if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As per the SEBI Guidelines, a separate resolution is required to be passed, if the benefits of the Employee Stock Option Scheme are to be extended to the employees of the subsidiary companies or holding company. Separate Resolution under this Item No. 4 is being proposed accordingly to cover those employees, and/or such other persons as may be permitted from time to time under prevailing laws, rules and regulations, and/or amendments thereto from time to time.

Presently, the SEBI Guidelines do not provide for extending the benefits of Employee Stock Option Scheme to the employees of the associate companies. The Company will extend the benefits of Employee Stock Option Scheme to the eligible employees of associate companies, if permitted by law.

The Board recommends the Special Resolutions set forth in Item Nos. 3 & 4 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their entitlements, if any, under the ESOP scheme.

By order of the Board of Directors
For L&T Finance Holdings Limited

Sd/-
N. Suryanarayanan
Company Secretary

Place: Mumbai
Date: February 25, 2014

Regd. Office: L&T House, Ballard Estate, Mumbai - 400001

L&T Finance Holdings Limited
Regd. Office : L&T House, Ballard Estate, Mumbai - 400 001

L&T Finance Holdings

POSTAL BALLOT FORM

Serial No.

02/14

Name(s) of Member(s) :
(including joint holders, if any)

SPECIMEN

Registered address of the
sole/first named Member :

Registered Folio No. /
DP ID / Client ID*
(User ID for e-voting)
(* Applicable to investors holding
shares in dematerialized form)

Number of shares held :

I/We hereby exercise my/our vote in respect of the following Resolutions to be passed through Postal Ballot for the business stated in the Notice dated February 25, 2014 of the Company, by sending my/our Assent or Dissent to the said Resolutions by placing tick (✓) marks at the appropriate boxes below :

Brief Description	Type of Resolution	No. of Shares	I/We Assent to the Resolution (FOR)	I/We Dissent to the Resolution (AGAINST)
1. Resolution for authorising increase in Authorised Share Capital and Alteration of the Memorandum of Association of the Company in accordance with the provisions of Sections 16 and 94 and all other applicable provisions, if any, of the Companies Act, 1956.	**Ordinary**			
2. Resolution for authorising issue of Cumulative Non-Convertible Redeemable Preference Shares pursuant to Section 80 and Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956.	**Special**			
3. Resolution for approval of Employee Stock Option Scheme of the Company, known as Employee Stock Option Scheme – 2013 (ESOP Scheme – 2013) in accordance with the provisions of Sections 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956.	**Special**			
4. Resolution for approval of extension of the benefits of ESOP Scheme-2013 to the eligible employees of the holding company, subsidiaries and, if permitted by law, associate companies of the Company in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956.	**Special**			

Place :

Date :

(Signature of the Member)

ELECTRONIC VOTING PARTICULARS		
EVSN (Electronic Voting Sequence Number)	**USER ID**	**PASSWORD**

Note: Please read carefully the instructions printed overleaf before exercising the vote through this form and for e-voting, please refer the instructions under "E-Voting Facility" in the Notice attached herewith.

INSTRUCTIONS

1. A Member desiring to exercise vote by Postal Ballot should complete this Postal Ballot Form and send it to the Scrutinizer in the enclosed self-addressed business reply envelope properly sealed. The Members need not affix postal stamps since the postage will be paid by the Company. However, *envelopes* containing Postal Ballots, if sent by courier or by registered post at the expense of the Members will also be accepted.
2. The self-addressed envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the Member (as per the specimen signature registered with the Company/Depository Participant). In case of joint holding, this form should be completed and signed by the first named Member and in his/her absence, by the next named Member.
4. Incomplete or unsigned Postal Ballot Form will be rejected.
5. Duly completed Postal Ballot Form should reach the Scrutinizer not later than the close of working hours on Wednesday, April 02, 2014. Postal Ballot Forms received after this date will be strictly treated as if the reply from the Member has not been received.
6. The Consent must be accorded by recording the assent in the Column "FOR" and dissent in the Column "AGAINST" by placing a tick mark (✓) in the appropriate column.
7. Voting rights shall be reckoned on the paid up value of shares registered in the name/s of the Members on Friday, February 21, 2014.
8. In case the shares are held by bodies corporate or by persons authorised under power of attorney, the Postal Ballot Form signed in representative capacity must be accompanied by a certified true copy of the resolution of the Board of Directors of the concerned body corporate or by an attested true copy of the power of attorney authorizing such person, as the case may be, along with a specimen signature of the said authorised representative or power of attorney holder. If the same is / are already registered with the Company/Depository Participant, please quote the Registration No. beneath the signature. Where the Postal Ballot Form has been signed by a representative of the President of India or by the Governor of a State, a certified true copy of the nomination should accompany the Postal Ballot Form.
9. The Members are requested not to send any other document along with the Postal Ballot Form in the enclosed self addressed envelope as all such envelopes will be delivered to the Scrutinizer and any extraneous paper found in such envelope would be destroyed by the Scrutinizer.
10. A Member need not use all votes nor needs to cast all the votes in the same way.
11. A Member may request duplicate Postal Ballot Form, if so required. However, the duly filled duplicate Postal Ballot Form should reach the Scrutinizer not later than the date specified at item No. 5 above.
12. The Scrutinizer's decision on the validity of Postal Ballot will be final.